

UNSCHEDULED WINTER NATURAL GAS FILING
APPROVED FOR MISSOURI PUBLIC SERVICE

Jefferson City (March 7, 2001)---Due to a significant rise in the wholesale cost of natural gas this winter heating season, Eastern System customers of UtiliCorp d/b/a Missouri Public Service will experience an increase in natural gas rates under an unscheduled winter season filing approved by the Missouri Public Service Commission. The increase will take effect March 9, 2001. **This rate change is interim subject to refund. The Staff of the Missouri Public Service Commission will conduct a thorough audit, called a prudency review, to ensure that Missouri Public Service made prudent decisions in its purchases of natural gas for its customers. If it is determined imprudent decisions were made, natural gas refunds could be ordered by the Public Service Commission.**

This filing reflects the fact that what Missouri Public Service was paying its wholesale suppliers for natural gas exceeded the amount it was recouping from its customers. Missouri Public Service stated that it delayed the filing of its unscheduled winter season Purchased Gas Adjustment (PGA) to stabilize its rates during the past winter months. Delaying the filing increased the Company's under-recovery of gas costs. **The rates charged by wholesale suppliers of natural gas are not regulated by the Missouri Public Service Commission. These rates were deregulated by an act of the United States Congress more than a decade ago.**

The Commission's order states: "If the price of natural gas drops in coming months, the Commission encourages UtiliCorp to file for an unscheduled reduction in its PGA tariffs."

A residential customer currently pays \$0.92690 per Ccf (100 cubic feet of gas). Under this filing, the rate will increase to \$1.16476 per Ccf, an increase of approximately 23.7 cents per Ccf. For an average residential customer, this rate change will increase natural rates by approximately \$38 for March. Compared to the rates that are currently in effect, this proposal would increase the average residential customer's total winter season bill (November 2000 through March 2001) by approximately 4 percent.

(More)

Approximately 60% to 70% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas (the cost your local natural gas company must pay to its supplier for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does have regulatory review authority to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.**

Missouri Public Service serves approximately 1,900 natural gas customers in its Eastern System in Phelps County.

Consumers are invited to access the Commission's website (www.psc.state.mo.us) for the monthly natural gas report. This report contains natural gas information on issues such as futures prices and United States storage levels.